



**Bart L. Graham**  
Commissioner

**State of Georgia**  
**Department of Revenue**

Suite 15300  
1800 Century Boulevard  
Atlanta, Georgia 30345  
(404) 417-2100

**NOTICE**

**RE: (I) Repeal of current Rule 560-12-2-.34 "Employees' Meals." and adoption of new Rule 560-12-2-.34 "Employees' Meals or Beverages."**

**(II) Repeal of current Rule 560-12-2-.63 "Machinery, Replacement Manufacturing, Amended."**

**(III) Repeal of current Rule 560-12-2-.100 "Orphans' Homes Operated as Nonprofit Organizations" and adoption of new Rule 560-12-2-.100 "Child-caring Institution, Child-placing Agency, or Maternity Home."**

**(IV) Adoption of new Rule 560-12-3-.22 "Application for Certificate of Exemption for a Child-caring Institution, Child-placing Agency, or Maternity Home."**

**(V) Amendment of current Rule 560-12-2-.106 "United States Government Defense Contractors."**

**TO ALL INTERESTED PERSONS AND PARTIES:**

In compliance with O.C.G.A. § 50-13-4, the Georgia Department of Revenue gives notice that it proposes to amend Chapter 560-12-2 of the Rules and Regulations of the State of Georgia by repealing Rule 560-12-2-.34, entitled "Employees' Meals." and adopting in its place new Rule 560-12-2-.34, entitled "Employees' Meals or Beverages."

The Department also proposes to amend Chapter 560-12-2 by repealing Rule 560-12-2-.63, entitled "Machinery, Replacement Manufacturing, Amended." There shall be no rule adopted in its place at this time.

The Department also proposes to amend Chapter 560-12-2 by repealing Rule 560-12-2-.100, entitled "Orphans' Homes Operated as Nonprofit Organizations" and adopting in its place new Rule 560-12-2-.100, entitled "Child-caring Institution, Child-placing Agency, or Maternity Home."

The Department also proposes to amend Chapter 560-12-3 by adopting new Rule 560-12-3-.22, entitled "Application for Certificate of Exemption for a Child-caring Institution, Child-placing Agency, or Maternity Home."

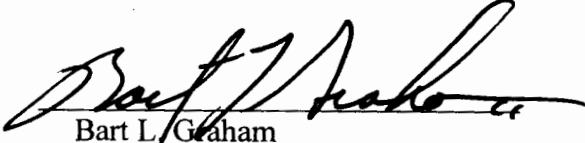
The Department also proposes to amend Chapter 560-12-2 by amending Rule 560-12-2-.106, entitled "United States Government Defense Contractors."

Attached with this notice are exact copies and synopses of the proposed rules. The proposed rules are being adopted and/or repealed under the authority of O.C.G.A. §§ 48-2-12 and 48-8-3(34).

The Department of Revenue shall consider the adoption and/or repeal of the above referenced proposed Rules at 10:00 a.m. on July 6, 2006 in Suite 15300 of the Department's headquarters at 1800 Century Blvd. NE, Atlanta, GA 30345-3205.

The Department must receive all comments regarding the above referenced proposed Rules from interested persons no later than 10:00 a.m. on July 6, 2006. Written comments must be sent to: Commissioner, Georgia Department of Revenue, 1800 Century Blvd. N.E., Suite 15300, Atlanta, GA 30345-3205. Electronic comments must be sent to [regcomments@dor.ga.gov](mailto:regcomments@dor.ga.gov). Facsimile comments must be sent to (404) 417-6651. **Please reference "Notice Number SUT-2006-2" on all comments and include the specific Rule number(s) for which the comments apply.**

Dated: June 2, 2006

  
Bart L. Graham  
Commissioner, Department of Revenue

# **SYNOPSIS**

## **GEORGIA DEPARTMENT OF REVENUE SALES AND USE TAX DIVISION**

### **CHAPTER 560-12-2 SUBSTANTATIVE RULES AND REGULATIONS**

#### **560-12-2-.63 Machinery, Replacement Manufacturing. Amended.**

The Georgia Department of Revenue proposes to repeal Rule 560-12-2-.63, entitled “Machinery, Replacement Manufacturing. Amended.” because the guidance provided in this Rule is already provided in Rule 560-12-2-.62. As such, this rule is no longer necessary.

**RULES  
OF  
DEPARTMENT OF REVENUE  
SALES AND USE TAX DIVISION**

**CHAPTER 560-12-2  
SUBSTANTIVE RULES AND REGULATIONS**

**560-12-2-.63 Repealed. Machinery, Replacement Manufacturing, Amended.**

~~—(1) Any person making a sale of machinery which is used directly in the manufacture of tangible personal property for sale when such machinery is bought to replace machinery in a manufacturing plant presently existing in this State shall collect the tax imposed by the Georgia Retailers' and Consumers' Sales and Use Tax Act, as amended, at the time of sale.~~

~~—(2) Any purchaser of machinery of the character described above who desires to secure the benefit of the exemption provided by Section 3(c)2(o)4 of the Act shall file an application for refund (Form ST M4R) with the State Revenue Commissioner. In addition thereto, the Commissioner may require such other information as he may deem necessary for the determination of the claim.~~

~~—(3) In order to qualify for refund of that portion of the tax which represents the increase in normal productive capacity of the replacement machinery over the machinery replaced, the property purchased must have the character of machinery at the time of sale, the machinery must be used in the manufacture of tangible personal property for sale, and must be used directly in the manufacturing operations. The exemption is not applicable to machinery used indirectly in the manufacturing operation, nor to auxiliary equipment and appurtenances or to materials to be incorporated into real estate construction.~~

~~—(4) Manufacture of tangible personal property, for the purpose of qualifying for the tax exemption under said Act, consists of an operation or a series of separate operations at a fixed location whereby, through the application of machines and labor to raw material or materials at any stage of becoming finished tangible personal property, the form or composition of the material or materials is significantly changed. It includes the assembly of finished units of tangible personal property; packaging when it is a part of a continuous manufacturing operation and the package or container becomes a part of the tangible personal property as such unit is customarily offered for sale by the taxpayer to another manufacturing operation or to the retail trade; and delivery of raw materials and work in process or finished units directly from one manufacturing operation to another in the same plant facility, but does not include storage, delivery to or from the plant, or delivery to or from storage within the plant; repairing or maintenance of facilities; research or testing; and crating or packaging for shipment.~~

~~—(5) The purchaser shall maintain sufficient records to substantiate the increase in normal productive capacity of the replacement machinery over the machinery replaced.~~

~~—(6) Upon approval of an application, the Commissioner will authorize a refund of that portion of the tax paid by the purchaser which the Commissioner finds to be due under the Act.~~

Authority O.C.G.A. §§ 48-2-12 and 48-8-3(34).